Delaware Water Pollution Control Revolving Fund & Safe Drinking Water State Revolving Fund

New Castle and Kent County Workshop

<u>August 25, 2014</u>

DNREC
OFFICE OF THE SECRETARY
FINANCIAL ASSISTANCE BRANCH

DHSS
DIVISION OF PUBLIC HEALTH

Delaware Water Pollution Control Revolving Fund Safe Drinking Water Revolving Fund New Castle and Kent County Workshop

- Welcome
- Introductions

DNREC:

- Terry Deputy, FAB Administrator
- Greg Pope, Engineer VI
- Frank Paquette, Fiscal Management Analyst
- Jan Jenkins, Fiscal Management Analyst
- Robert Burns, Fiscal Analyst
- Davison Mwale, Engineer IV
- Dave Heatwole, Engineer IV
- Reza Moqtaderi, Engineer III
- James Sullivan, Planner
- Laura Rafferty, Administrative Specialist

DHSS:

- Paul Hyland, Fiscal Management Analyst
- Heather Warren, Management Analyst III
- Don Henry, Fiscal Management Analyst
- Doug Lodge, Engineer IV

Delaware Water Pollution Control Revolving Fund Safe Drinking Water Revolving Fund New Castle and Kent County Workshop

Workshop Purpose

- To provide municipal government representatives, private wastewater and drinking water utilities, consultant engineers, and other interested individuals with a detailed overview of the Delaware Water Pollution Control Revolving Fund, and Safe Drinking Water Revolving Fund, more commonly known as the CWSRF and DWSRF Programs
- To ensure that potential loan applicants understand project assistance eligibilities, program process, and the timing for submitting project assistance requests
- To be a resource for applicants seeking financial assistance for wastewater, drinking water, stormwater and other water infrastructure improvement projects

DNREC and DHSS Collaboration

- The CWSRF and DWSRF programs are jointly administered by DNREC and DHSS to provide a more efficient loan application and project implementation process
- Twice per year (January and September) project Notices-of-Intent (NOIs) will be jointly solicited for wastewater and drinking water projects
- Wastewater and Drinking Water NOIs will be ranked and scored separately to prepare CWSRF and DWSRF Project Priority Lists (PPLs)

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- DNREC and DHSS Collaboration (continued)
 - Projects will be selected from the PPLs for funding assistance from based on "readiness to proceed" (project planning and design completed in 6 months or less)
 - DHSS administers the DWSRF program, and project management; DNREC is responsible for Accounting, and Financial Management
 - Borrowers will not be required to obtain interim (bank or other sources) financing for wastewater or drinking water projects
 - Water Infrastructure Advisory Council reviews PPLs, IUPs, and recommend projects for CWSRF and DWSRF funding assistance

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Clean Water and Drinking Water SRFs

- 1990 and 1997, respectively, the CWSRF and DWSRF programs were created; federal capitalization grants seed the programs along with separate required twenty percent state matching funds
- Since their inceptions, 20 federal capitalization grants and state matching funds have been awarded (20 CWSRF, 15 DWSRF). The programs have closed 151 loans for infrastructure projects for approximately \$457 million; 1,230 CWSRF-NPS loans for approximately \$15 million; and assistance to water utilities through DWSRF Operator Certification Program; Capacity Development and Source Water Protection Programs, and Technical Assistance Programs

Program Updates

- CWSRF Interest Rate Policy: 90.0% of MBY and CBY
- DWSRF Interim Interest Rate Policy: 62.5% of MBY and CBY
- Private Wastewater Utilities CWSRF Eligibility Delaware National Estuary Watersheds
- Source Water Protection Loans for Drinking Water Supplies
- Green Project Reserve
- Land Conservation Loan Sponsorship Program
- New Water Quality Improvement Loan Program

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Program Updates for CWSRF Program

Water Resources Reform and Development Act of 2014 (WRRDA)

- WRRDA was signed into law by President Obama on June 10, 2014
- EPA is developing Draft Initial Guidance based on scheduled effective dates of the Act: October 1, 2014; October 1, 2015; and October 1, 2016. The following is a brief overview of CWSRF requirements that will impact potential borrowers and will be effective October 1, 2014

WRRDA October 1, 2014 Effective Amendments

- Allows for 30-year loans
- Codifies American Iron and Steel requirement
- Codifies Davis-Bacon requirement
- Allows for additional subsidization, only to public entities, that are disadvantaged or implementing innovative technology
- State must develop new Affordability Criteria no later than September 30, 2015 that includes: Income, Unemployment Rate, and Population Trends
- Requires treatment works receiving assistance to develop and implement a fiscal sustainability plan and certify that it has been implemented

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WRRDA October 1, 2014 Effective Amendments

- Engineering and architectural services must be procured under federal procurement rules or state procurement requirements
- States must require assistance recipients to maintain project accounts according to Generally Accepted Accounting Principles (GAAP). This provision requires assistance using standards relating to the reporting of infrastructure assets
- Decentralized wastewater treatment projects may be publicly or privately owned and may serve public or private purposes. Decentralized wastewater treatment systems that serve only residential users, treat domestic sewage; therefore they are not considered treatment works. Decentralized systems that serve commercial and/or institutional users are treatment works, and as such, are subject to all relevant requirements

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CWSRF and DWSRF FY 2014 Federal Appropriations

Estimated Available Funds

<u>CWSRF</u>	<u>DWSRF</u>	
\$6,853,000	\$ 8,845,000 Dela	aware's FY 2014 Federal Capitalization Grant
\$1,370,600	<u>\$ 1,769,000</u> Req	uired 20% State Match
\$8,223,600	\$10,614,000	
\$	\$ 176,900 2%	Technical Assistance & Operator Training
\$ 274,120	\$ 353,800 4%	Program Administration
\$	\$ 884,500 10%	Public Water Supply Supervision
\$	<u>\$ 1,326,750</u> 15%	Source Water Protection & Capacity Development
\$7,949,480	\$ 7,872,050	Project Loans

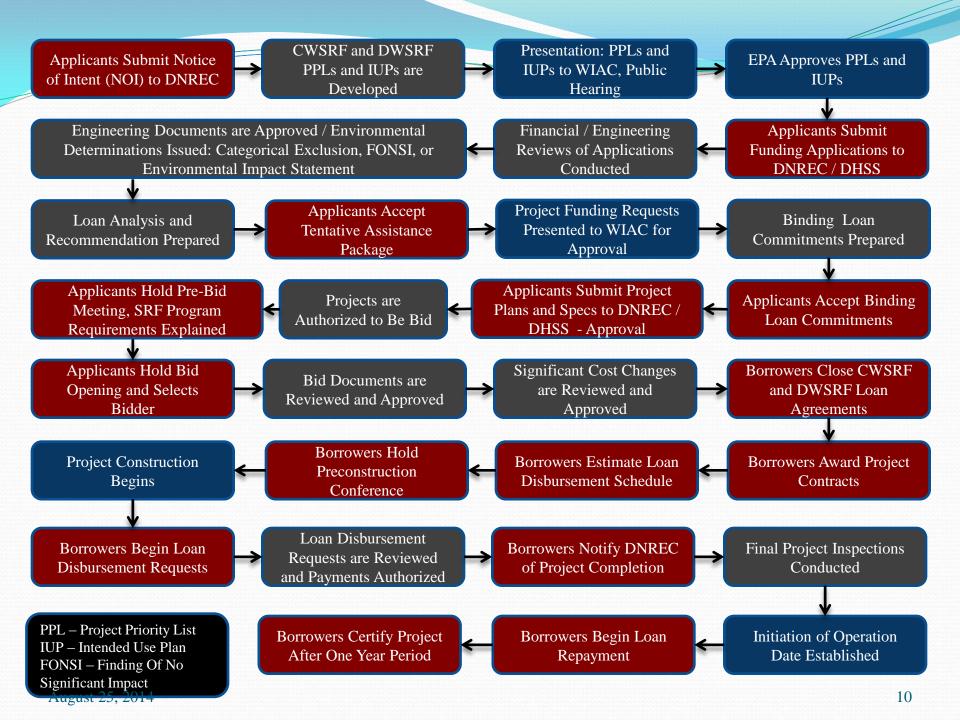
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CWSRF and DWSRF FY 2014 Federal Appropriations

Federal Requirements To Be Met

<u>CWSRF</u>	<u>DWSRF</u>		
\$ -0-	\$ 1,326,750	15%	For Small Drinking Water Systems
\$ 372,924	\$ 2,653,500	30%	Principal Loan Forgiveness (min – CWSRF)
\$ 685,300	\$	10%	Green Project Reserve

In FY 2014, on a cash flow basis the CWSRF and DWSRF programs may have approximately \$69.0 million and \$34.0 million, respectively to commit for new loans



Project Priority List (PPL) Process

- Each Fiscal Year the CWSRF and DWSRF programs are required to submit PPLs to EPA
- The process consists of:
 - Solicitation of projects
 - Ranking of projects
 - Public Hearing and Approval of List by WIAC
 - Approval by EPA
- Only ranked projects will be eligible to apply for CWSRF and DWSRF funding

Notice of Intent – Project Solicitation

- Each January and August, municipalities are requested to submit NOIs for each project
- Projects intended to begin in the next 6 years are requested to provide visibility to future funding needs
- NOIs request information regarding statistical, environmental, public health, and financial information for each project
- NOIs are in an electronic version (Excel) for more accurate ranking

- The criteria are defined by the Standard Operating Procedures for PPLs established by DNREC and DHSS
- Projects are ranked by year of inception and then by number of priority points
- Generally, the highest ranking project should deliver the greatest environmental and public health benefit to the State

I. Water Quality Protection 45 points (10 bonus)

II. Targeted Waterbodies 20 points

III. Clean Water Priorities 20 points (10 bonus)

IV. State Strategies 10 points

V. Green Project Reserve 10 points

VI. Sustainability 15 points

VII. Land Conservation <u>0 points (10 bonus)</u>

Total 120 pts 30 bonus

Water Quality Protection

Total pounds of nitrogen plus the total pounds of phosphorus that will be removed from the discharge as result of the project times constant - max 45 points

Ex: $(11,400 \#N + 1,600 \#P)/yr \times 0.30 d/# = 10.7 pts$ 365d/yr

Bonus pts for ENR: additional point for each 10% of allowable pollution load eliminated by project (up to 10 pts)

Non-point source projects: receive points based on the efficiencies of the BMP's. Percent efficiency of the project's BMP times 45.

Targeted Waterbodies - if the project:

 implements TMDL/PCS 	20 points
 addresses TMDL 	15 points
 addresses anticipated TMDL 	10 points
 addresses watershed mgmt plan 	5 points
 addresses none of the above 	0 points
Or	

NPS project addresses a watershed mgmt pln 10 points

Clean Water Priorities

 Septic System Elimination Projects 	15 points
 WW Treatment Facilities and CSO's 	20 points
 Other Wastewater Projects 	10 points
-Bonus points: I&I correction	5 points
 Surface Water Mgt Projects 	15 points
 Bonus points: SWM under MS4 permit 	5 points
 Other Water Quality projects (NPS) 	10 points

Strategies for State Policies and Spending 212 projects

_	Level 1	10 points
<u></u>	Level 2	10 points
<u></u>	Level 3	5 points
_	Level 4	0 points
	Environmentally Sensitive	10 points
_	Out of Play	0 points

Non-point source projects (319)
 10 points

Green Project Reserve

Land Conservation Sponsorship

Green Infi	astructure	10 points
Water Effi	ciency	10 points
Energy Ef	ficiency	10 points
Environme	entally Innovative	10 points
Sustainability		
Asset Mar	agement	5 points
Full Cost 1	Pricing	10 points

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10 points

- I. Quality Deficiencies
- II. Quantity Deficiencies
- III. Treatment/Design
- IV. Security Measures
- V. Financial Need
- VI. Regulations & Compliance
- VII. Regionalization
- VIII. System Design
- VIIII. Bonus Points

I. Quality Deficiencies

i. Quality Dell	0.01.0.00	
Acute	E. Coli	80
Public	Nitrate	80
Notice	Nitrite	80
	Total	
Non-Acute	Total coliform bacteria	60
	Volatile Organic Compounds (including	
Public	MTBE)	60
Notice	Disinfection By Products	60
REQUIRED	Synthetic Organic Compounds	60
	Trace Metals	60
or	Regulated VOCs	60
Exceendence	Unregulated SOCs	60
of a future	Turbidity	60
regulation	Radiologicals	60
such as PCE	Lead/Copper	60
group	Total	
Secondary	Iron	20
Standards	Trace Metals (Manganese, Silver,	
Standards	Copper)	20
	рН	20
	Chloride	20
	Total Dissolved Solids	20
	Sulfate	20
Complaint-	Taste	20
based	Odor	20
	Color	20
	Total	

II. Quantity Deficiencies

Acute	Water pressure <25 psi	50
	Lack of adequate supply	50
	Total	
Chronic	Lack of adequate storage	25
	Water pressure >100 psi	25
	Water shortages (during peak demand)	25
	Total	

III. Treatment/Design

Infrastructure	Degraded treatment facility	30
	Inadequate source-intake	
	structure	30
	Faulty pumping station	30
	Inaccurate controls/instrumentation,	
	lack of SCADA system	30
	Unsatisfactory storage	30
	Aging or corroded transmission mains	30
	Aging or corroded distribution mains	30
	Lack of meters/broken meters	30
	Replacement of contaminated source	30
	with uncontaminated source	30
	Lack of disinfection treatment	30
	Lack of corrosion control treatment	30
	Lack of nitrate removal treatment	30
	Lack of other proper treatment	30
	Inadequate filtration	30
	Nonfunctioning backflow prevention	
	device	30
	Lack of critical component redundancy	30
	Unreliable emergency power source	30
	Total	

IV. Security Measures

Treatment plant	25
Storage site	25
Distribution system	25
Source	25
Electronic	25
Total	

V. Financial Need

Economic Indicator	If a proposed project will increase existing residential drinking water user rates above 1% of a community's MHI, or 2% of MHI for combined water and wastewater, the
	PWS may qualify for additional loan subsidies in the following order:
	 Principal Loan Forgiveness (after project completion) Lower Interest Rates Extended Loan Terms (up to 30 years)

VI. Regulations and Compliance

Compliance	Lead/Copper Rule	40
with	Surface Water Treatment Rule	40
Regulations	Stage 1 DBP	40
	Stage 2 DBP	40
	LT I Enhanced Surface	
	Water Treatment Rule	40
	LTII Enhanced Surface	
	Water Treatment Rule	40
	Radon	40
	Radionuclides	40
	Filter Backwash Rule	40
	MTBE primary standard	40
	Groundwater Rule	40
	Arsenic	40
	Total	
Compliance/	Significant Non-Compliance	15
Enforcement	Active Bilateral Compliance Agreement	15
Status	Alternate Contaminant Level	15
	Active Administrative Compliance Order	15
	Total	

VII. Regionalization

VII. Regionalization			
Project to	Consolidation of multiple non-complying water systems	25	
Result in:	Consolidation with 1 non-complying water system	20	
	Consolidation of complying water systems	15	
	Service to areas of existing private wells with water quality deficiencies	20	
	Service to areas with existing private wells	15	
	Emergency interconnection with another public water system	15	
	Total		

VIII. System Description

Population	25 to 1,000		10
Served	1,001 to 10,000		15
	<u>></u> 10,000		5
		Total	15
Public	Municipality		10
Water	Other Community		5
System	NTNC (non-profit)		3
Type	TNC (non-profit)		1
		Total	10

VIIII. Bonus Points

Timi Bondo i		
Project was	Multiyear project partially funded	15
on a prior	Bypassed	15
PPL	Below funding line	10
	Comprehensive list only	5
	Total	0
Positive	Rate structure promotes conservation	2
Practices	Metered at service connections	2
	Water loss of 10% or less	2
	Certified operator with proper	
	endorsements	2
	Document maintenance schedule review	2
	Cross connection control program	2
	Evaluation by Capacity Development for	
	existing systems	2
	Total	14
Green	0-25% total project	5
Reserve	25-50% total project	10
	50-75% total project	15
	75-100% total project	20
	Total	

WIAC Review/Approval and Public Hearing

- Every PPL is presented in a Public Hearing
- Comments are requested in person or in writing
- After the public hearing, the WIAC will review and approve the PPLs subject to no adverse public comments
- Approved PPLs are sent to EPA for approval

Application Review

- Technical Review
 - Planning Documents Applicants are required to submit a Preliminary Engineering Report (PER) or Facility Plan. The applicant also must provide an Environmental Information Document (EID)
 - Environmental Review The CWSRF and DWSRF programs are required to have a State Environmental Review Program (SERP). Based on the information provided in the EID, DNREC or DHSS makes an environmental determination of the project

- Environmental review determinations and their frequency:
 - Categorical Exclusion (CE) occasionally
 - Finding of No Significant Impact (FONSI) most common determination
 - Environmental Impact Statement (EIS) rare

- Categorical Exclusion (CE)
 - i.e. rehabilitation & replacements of existing facilities, minor upgrades or expansion of existing facilities, minor extensions within previous disturbed right-of-ways
 - Issue a CE and legal notice with 30 day comment period
 - If no issues, CE stands as issued

- Finding of No Significant Impact (FONSI)
 - i.e. facilities to create new discharges to surface or ground waters, facility capacity to serve greater than 30% of existing population, action expected to have impacts
 - Issue a draft FONSI to stakeholders and issue a legal notice.
 - Allow a 30 day comment period
 - Mitigation of any environmental issues

Issue FONSI

- Environmental Impact Statement (EIS)
 - Required when project is determined to have significant impacts or is highly controversial
 - Extremely rigorous process required to issue an EIS

Financial Review

- Applicant's Governing Body Overview
- Project Overview
- Applicant's Annual Reports and Financial Statements
- Applicant's Wastewater/Drinking Water User Charge System
- Existing System and Proposed Project Costs
- Residential vs. Industrial and Commercial Users
- Applicant's Ability to Repay Loan
- User Charge Affordability 1.5% / 1.0% of MHI

Financial Assistance Recommendation

Application Review/Approval

- Overall Project Costs (Existing System and Proposed)
 - Debt Service
 - O & M Costs
 - Other (Impact Fees)
- Ability to Repay Loan
- User Charge Affordability
- Recommended Financial Assistance

Binding Commitment

- Commitment of Fund's financial resources for a proposed water quality improvement project
- Binding Commitment will state the project description, loan amount, loan terms, and estimated timing (120 days) for the applicant to close the loan
- Timing for loan closure can be extended for good reason

Program Requirements

- Delaware Prevailing Wage Regulations and Davis Bacon Wage Requirements
- EO 11246 Equal Employment Opportunity nondiscrimination based on race, color, religion, sex, or national origin
- Requirement for Certification of Non-segregated Facilities
- DBE (formerly MBE/WBE)
- Civil Rights Act of 1964

Programs Requirements

- Section 13 of PL 92-500; Under the Federal Water Pollution Control Act; Rehabilitation Act of 1973; PL 93-112; and Age Discrimination Act of 1975
- Compliance with Section 306 of the Clean Air Act and Section 508 of the Clean Water Act
- Suspension and Debarment and other responsibility matters
- Project Sign
- Access to Project Site

Project Bid Process

- All plans and specifications must be reviewed and approved by program staff prior to advertisement
- Mandatory Pre-Bid meeting must be held to explain program requirements to potential bidders must be held at least 15 days prior to bid opening
- Project is bid for a minimum of 30 days
- Sealed bids are received and shall be opened publicly and be read aloud at the time and place designated

Loan Agreement/Closing Process

- G.O. vs. Revenue Pledge
- Project Description and Budget
- Interest Policy
- Interest During Construction
- Administrative Fee
- Loan Closing
- Loan Reimbursement Process
- Loan Repayment Process

Loan Closing

- Financing Agreement
- Bond
- Bond Counsel Opinion
- Resolution to Issue Debt
- Closing Costs

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Loan Reimbursement Process

- The Borrower must request reimbursement of project expenditures through a Draw Requisition form included in the Financing Agreement
- Copies of each expenditure claimed for reimbursement must be included with the Draw Request

Loan Repayment Process

- Interest only is due every six months during construction and for up to one year after construction is completed, depending on the loan agreement
- Amortized repayments of principal and interest are due beginning with the payment between six and twelve months after the construction is completed, depending on the loan agreement

Contract Award Process

- Bids are tabulated and the contract is awarded to the responsive low bidder
- Bid Package submitted for approval must contain:
 - Bid tabulation
 - Certification of all Bonds
 - Certification that all easements have been obtained
 - Submission of required DBE documents
 - Other document as required
- Schedule and conduct a Pre-construction conference

Construction and Inspection

- Monthly progress meetings must be held.
- Interim inspections will be conducted by the CWSRF and/or DWSRF project engineer to ensure compliance with the program requirements
- Any significant project delays or issues must be disclosed to the project engineer

Final Disbursement and Initiation of Operations

- Upon substantial completion and release of any retainage, recipients submit for final disbursement
- Project engineer will ensure that the program requirements are met and that all specifications have been followed
- Depending on the terms of the loan, the project may go into repayment immediately or after one year from initiation of operations

Questions

Wastewater Facility Planning Matching Grants

- Wastewater Facility Planning Matching Grants are set asides in the CWSRF Non-Federal Administrative Account.
- The program is designed to assist municipal and county wastewater utilities to prepare wastewater projects for funding through Delaware Water Pollution Control Revolving Fund (WPCRF).
- Funding can be used to assist with wastewater planning in general, and for specific project planning and designs necessary to submit a loan application to the WPCRF for funding consideration.
 - \$500,000 was allocated for the program with a \$150,000 grant/year award cap.
 - Cash matching funds are required
 - Grant will be open February, May, August and November as allocated balances allow

Application packet is on the DNREC website, and due by August 28, 2014.

Questions

Surface Water Matching Planning Grants

- The Water Infrastructure Advisory Council developed the Surface Water Matching Planning Grant Program to support the planning/preliminary engineering/ feasibility analysis of surface water improvement projects and activities that focus on the developed landscape to improve water quality in impaired watersheds in Delaware.
- Matching grants are intended for planning/preliminary engineering/feasibility analysis of stormwater retrofits, green technology practices, stream and wetland restoration projects, small watershed studies, development of master surface water and drainage plans, and other point and non-point source water pollution control projects.
- State agencies, counties and municipalities are eligible to apply for a Surface Water Matching Planning Grant
 - \$500,000 was allocated for the program with a \$150,000 grant/year award cap.
 - Cash matching funds are required
 - Grant will be open February, May, August and November as allocated balances allow

Application packet is on the DNREC website, and due by August 28, 2014.

Surface Water Matching Planning Grants

- Grants were awarded in prior funding cycles to:
 - County—wide planning for Stormwater District in Kent County
 - Planning of restoration to existing stormwater areas and creation of wetlands along Double Run
 - Planning and design for 2,500 feet of stream channel restoration of Upper Christina River
 - Best Management Practices investigation at five outfall locations to a Pike Creek tributary
 - Development of a stormwater quality plan for Pike Creek
 - Planning for the retro-fit of pre sediment & stormwater regulations stormwater facility
 - Develop stormwater Best Management Plan retro-fit of a small shopping center
 - Combined Sewer Overflow Green Infrastructure Implementation Plan
 - Planning for the retro-fit of existing stormwater area and channel restoration project
 - Planning for stormwater and water quality improvements in the DuRoss Heights community
 - Planning for stormwater and water quality improvements in the Town of Viola
 - Stormwater Infrastructure Inventory for the Town of Fenwick Island
 - Stormwater retrofits for the Town of Bethel
 - Stormwater Infrastructure Study for the Town of Dewey Beach
 - Stormwater retrofits for Oak Crest Farms subdivision to meet Inland Bays TMDL

QUESTIONS

Community Water Quality Improvement Grants

- Community Water Quality Improvement Grants that will support water quality improvement projects in impaired Delaware watersheds will be available from the Water Infrastructure Advisory Council. Competitive grant proposals should focus on the developed landscape to improve water quality and address one or more of the following goals:
 - Provide benefits to water quality within an impaired watershed,
 - How does this proposal demonstrate innovative or environmentally beneficial science?
 - Implementation of non-regulatory projects listed in a watershed management plan,
 - Installation of community stormwater management improvements in existing developments and municipalities,
 - Restoration of water quality benefits.
- Applicants may be any Delaware state or municipal government, agency or program, non-profit organization, educational institution, community organization, and/or homeowner's association.
- Ag Operations and for profit firms are <u>not eligible</u>, however, cooperative arrangements with eligible applicants are acceptable

Community Water Quality Improvement Grants

- 75% of grant award must be used for project implementation, 25% can be used for administration
- Matching funds are not required but highly recommended, proposals will be evaluated in-part based on leveraging. In-kind, volunteer hours (\$22.12/hr.), federal, state, and local cash are acceptable.
- Projects required by enforcement, punitive requirements, regulation, required
 mitigation, agricultural practices are <u>not eligible</u>. Projects that exceed regulatory
 require (except Ag) are acceptable.
- Programs and projects selected will demonstrate innovative and/or environmentally beneficial and sustainable methods, techniques, and/or practices for water quality improvements with cost effective and measurable results.
- \$500,000 is available in FY 2015.
- \$25,000 minimum grant with a \$150,000 per grant cap.
- Proposals to be submitted to the DNREC Nonpoint Source Program office by August 28, 2014.

Questions

DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENTAL CONTROL

Delaware Water Pollution Control Revolving Fund

Land Conservation Loan Program
A Program Overview for Potential Project Sponsors

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Delaware Water Pollution Control Revolving Fund Land Conservation Loan Program A Program Overview for Potential Project Sponsors

- Land Conservation Loan Program (LCLP)
 - The LCLP is an innovative financing approach to fund land conservation easements and fee simple land purchases with WPCRF municipal loans
 - Five-year pilot program (up to \$5 million per year subject to availability)
 - Municipal wastewater project must be on the WPCRF Project Priority List (PPL)
 - Municipal LCLP project sponsors must enter into a Sponsorship Agreement with the Delaware Department of Agriculture (DDA) or DNREC 's Division of Park and Recreation, or Division of Fish and Wildlife
 - LCLP project must have demonstrated water quality improvement benefits and be managed in perpetuity
 - Loan debt service payments for both the wastewater and LCLP projects will be equal to wastewater project by itself for the term of the loan
 - The DDA's Delaware Agricultural Land Preservation Foundation is authorized to establish criteria for Forestland and Agricultural Preservation Areas and purchase of forestland and agricultural preservation easement pursuant to <u>3 Del. C.</u> Ch. 9, § 904
 - DNREC's Division of Parks and Recreation and Division of Fish and Wildlife are authorized to acquire open space and conservation easements under the Delaware Land Protection Act, pursuant to <u>7 Del C.</u> Ch. 75, § 7503

Delaware Water Pollution Control Revolving Fund Land Conservation Loan Program A Program Overview for Potential Project Sponsors

- LCLP How Does It Work?
 - Project Solicitation and Review:
 - Notice-of-Intent solicitation from municipalities including LCLP project interest
 - CWSRF Project Priority List (PPL) and Intended Use Plan (IUP) developed
 - Municipal and LCLP project loan applications solicited from approved PPL
 - DDA or DNREC (Implementers) Review LCLP Project Applications
 - DNREC Criteria for The LCLP Eligibility
 - DDA Criteria for Forestland Conservation Easements
 - Financial Review and Interest Rate Determination:
 - DNREC conducts financial review of loan applications
 - Interest rate for wastewater and LCLP loans are adjusted to ensure annual loan debt service is equal to the municipal wastewater project separately

DNREC

- Parcel(s) must be at least 10 acres in size and at least 25% forested
- Wastewater spray irrigation is permissible on the parcel(s) utilizing best available treatment technology; however, all wastewater storage and treatment facilities must be located on lands other than the parcel(s).
- There must be a demonstrated water quality benefit associated with the acquisition of the parcel(s) or property rights
- Parcel(s) must be within 1 mile of land already preserved by federal, state, local, or other conservation organizations.
- Parcel(s) must exhibit at least one or more of the following:
 - contains endangered, threatened, or ecologically significant species, or natural communities
 - valuable to the community as open space due to its proximity to developing areas or to its impact on a view corridor
 - valuable to a community because of its historical or cultural resources or its proximity to an historically significant area
 - includes or contributes to important wildlife habitat or migration corridors
 - significant agricultural or forestry resources
 - wetlands, flood plains or other lands necessary for the protection of water resources

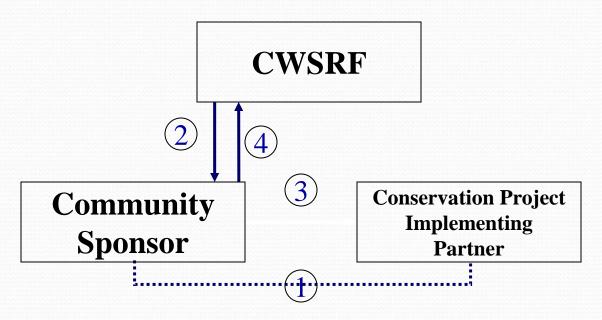
contains significant or unique ecosystems or natural features

DDA

- Property must (1) be enrolled in Delaware's Forestland Preservation Program (FPP) OR enrolled in the Aglands Preservation Program and meet the requirements of the FPP and (2) have submitted an offer to sell their development rights.
- Requirements of the FPP are:
 - at least 10 (forested) acres in size
 - located outside state-designated growth zone
 - zoned agricultural and no major subdivision recorded for the property
 - have a forest management plan prepared by a professional forester and updated every five years
 - all of the woodland on the property must be included and the land must remain forested (not cleared for cropland, structures, etc.)
- Wastewater spray irrigation is permissible on the FPP parcel(s) utilizing best available treatment technology; however, all wastewater storage and treatment facilities must be located on lands other than the FPP properties.

Community and implementing partner enter into sponsorship agreement

CWSRF Provides funding to community for wastewater treatment & conservation projects



3 Community provides CWSRF funding for sponsored conservation project

4 Community repays low-interest loan to CWSRF

Financing Land Conservation Projects With Municipal Wastewater Loans

Loan Term (years)	CWSRF Interest Rate	Land Conservation Interest Rate	Land Conservation Loan	Municipal Wastewater Loan	Total Annual Debt Service Payment	Life of Loan Debt Service Payment
			\$184,080	\$1,000,000		
20	3.50%	n/a	n/a	\$70,361	\$70,361	\$1,407,222
20	2.00%	0.000%	\$9,204	\$61,157	\$70,361	\$1,407,214
			\$552,260	\$3,000,000		
20	3.50%	n/a	n/a	\$211,083	\$211,083	\$4,221,665
20	2.00%	0.000%	\$27,613	\$183,470	\$211,083	\$4,221,663
			\$920,430	\$5,000,000		
20	3.50%	n/a	n/a	\$351,805	\$351,805	\$7,036,108
20	2.00%	0.000%	\$46,022	\$305,784	\$351,805	\$7,036,102
			\$1,932,900	\$10,500,000		
20	3.50%	n/a	n/a	\$738,791	\$738,791	\$14,775,826
20	2.00%	0.000%	\$96,645	\$642,146	\$738,791	\$14,775,811
			\$6,535,100	\$35,500,000		
20	3.50%	n/a	n/a	\$2,497,818	\$2,497,818	\$49,956,365
20	2.00%	0.000%	\$326,755	\$2,171,063	\$2,497,818	\$49,956,370

QUESTIONS

DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENTAL CONTROL

Delaware Water Pollution Control Revolving Fund

Water Quality Improvement Loan Program
A Program Overview for Potential Project Sponsors

OFFICE OF THE SECRETARY
FINANCIAL ASSISTANCE BRANCH

Delaware Water Pollution Control Revolving Fund Water Quality Improvement Loan Program A Program Overview for Potential Project Sponsors

- Water Quality Improvement Loan Program (WQILP)
 - The WQILP is very similar to the LCLP, however, its focus is financing Green Infrastructure and/or Environmentally Innovative projects that will have significant water quality improvement impacts. DNREC's Financial Assistance Branch, and the Division of Watershed Stewardship will implement the program.
 - Five-year pilot program (subject to availability)
 - Wastewater and proposed WQILP projects must be on the CWSRF Project Priority List (PPL)
 - WQILP projects must have demonstrated water quality improvement benefits and be managed for the life of the improvement
 - Loan debt service payments for both wastewater and WQILP projects will be equal to wastewater project by itself for the term of the loan
 - WQILP project applicants must enter into a Water Quality Improvement Agreement with DNREC's Division of Watershed Stewardship. Some projects will require a Conservation Agreement with DNREC's Division of Parks and Recreation, or Division of Fish and Wildlife
 - DNREC's Division of Parks and Recreation and Division of Fish and Wildlife are authorized to acquire open space and conservation easements under the Delaware Land Protection Act, pursuant to <u>7 Del C.</u> Ch. 75, § 7503

Delaware Water Pollution Control Revolving Fund Water Quality Improvement Loan Program A Program Overview for Potential Project Sponsors

WQILP – How Does It Work?

Financial Assistance Office

- Project Solicitation and Review:
 - Notice-of-Intent solicitation from municipalities including WQILP project interest
 - CWSRF Project Priority List (PPL) and Intended Use Plan (IUP) developed
 - Municipal and WQILP project loan applications solicited from approved PPL
- Financial Review and Interest Rate Determination:
 - Environmental and Financial Reviews of loan applications conducted
 - Evaluation of Interest Rate for proposed Wastewater and WQLP loans are conducted to ensure annual combine loan debt service will be equal to the municipal wastewater project separately
 - Coordinates Internal Processing and Approvals, Loan Closings with Applicants, the Division of Watershed Stewardship, and Other Partners as Necessary

Delaware Water Pollution Control Revolving Fund Water Quality Improvement Loan Program A Program Overview for Potential Project Sponsors

WQILP – How Does It Work?

Division of Watershed Stewardship

- WQILP Marketing, and Project Loan Application Review
 - Assist with Marketing of WQILP to Potential Applicants
 - Review WQILP Project Loan Applications relative to Program Criteria, and Ranking of Water Improvement Potential

• Work with Loan Applicants to develop WQILP Project Contractual Agreements

Water Quality Improvement Loan Program A Program Overview for Potential Project Sponsors

WQILP Criteria

There must be a demonstrated water quality benefit associated with the project, and the project must exhibit at least one or more of the following:

- Project must incorporate green infrastructure and /or be environmentally innovative;
 - Examples of eligible projects include:
 - Implementation of green streets (combination of infrastructure practices in transportation rights-of-way) for new development, redevelopment or retrofits;
 - Implementation of wet weather management systems for parking areas which include: the incremental cost of porous pavement, bioretention, trees, green roofs and other practices that mimic natural hydrology and reduce effective imperviousness at one or more scales;
 - Equipment to maintain green streets, vactor trucks and other equipment (Will be contingent upon contractual arrangement with Financial Assistance Branch and the Division of Watershed Stewardship);
 - Implementation of water harvesting and reuse programs or projects, including reuse that reduce energy consumption, recharge aquifers and reduce water withdrawals and treatment costs

 Downspout disconnection to remove stormwater from combined sewers and storm sewers;

Water Quality Improvement Loan Program A Program Overview for Potential Project Sponsors

WQILP Criteria

- Examples of eligible projects include (continued):
 - Comprehensive retrofit programs designed to keep wet weather out of all types of sewer systems using green infrastructure technologies and approaches;
 - Implementation of comprehensive street tree or urban forestry programs, including expansion of tree box sizes to manage additional stormwater and enhance tree health;
 - Establishment and restoration of riparian buffers, floodplains, wetlands, living shorelines, and other natural features (will require a conservation easement on the project area);
 - Purchase or easement of conservation areas (existing wetlands or forested areas, or agricultural lands or previously developed areas to be restored to natural habitat or improved with green infrastructure.
 - Decentralized wastewater treatment solutions to existing deficient or failing on site systems;
 - Comprehensive retrofit programs designed to keep wet weather out of all types of sewer systems using green infrastructure technologies and approaches;

Delaware Water Pollution Control Revolving Fund Water Quality Improvement Loan Program A Program Overview for Potential Project Sponsors

WQILP Criteria

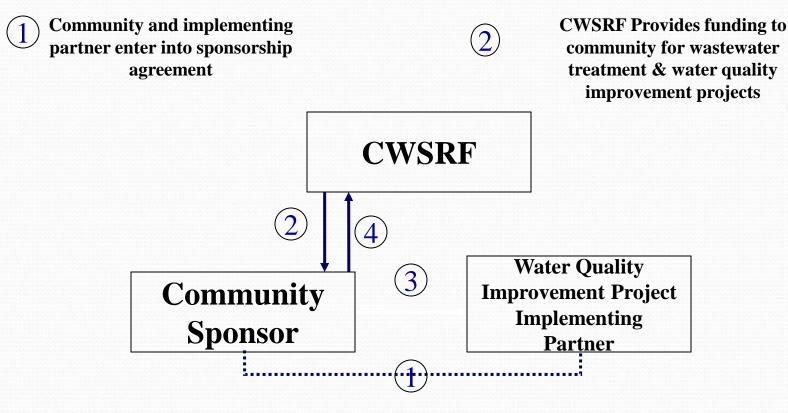
- Examples of eligible projects include (continued):
 - Implementation of comprehensive street tree or urban forestry programs, including expansion of tree box sizes to manage additional stormwater and enhance tree health;
 - Establishment and restoration of riparian buffers, floodplains, wetlands, living shorelines, and other natural features (will require a conservation easement on the project area);
 - Purchase or easement of conservation areas (existing wetlands or forested areas, or agricultural lands or previously developed areas to be restored to natural habitat or improved with green infrastructure.
 - Decentralized wastewater treatment solutions to existing deficient or failing on site systems;
 - The water quality portion of projects that employ development and redevelopment practices that preserve or restore site hydrologic processes through sustainable landscaping and site design;
 - Projects that use water balance approaches (water budgets) at the project, local or state level that preserve site, local or regional hydrology.

Water Quality Improvement Loan Program A Program Overview for Potential Project Sponsors

WQILP Criteria

- Examples of eligible projects include (continued):
 - Projects that retrofit or replace irrigation systems with more efficient systems and/or those that include water reuse or harvesting;
 - The water quality portion of a LEED certified building
- Examples of ineligible projects include:
 - Stormwater conveyance systems that are not soil/vegetation based;
 - Stormwater pipes and concrete channels;
 - Hardening, channelizing or straightening streams and/or stream banks;
 - In-line or end of pipe treatment systems that only filter or detain stormwater;
 - Stormwater ponds with extended detention and /or filtration;
 - Stormwater controls with impervious or semi-impervious liners with no evapotranspiration or harvesting functions;
 - Underwater stormwater control (swirl concentrators, hydrodynamic separators, baffle system for grit, trash/floatables removal, oil and grease, dams for in-line underground storage and flow diversion);
 - Street sweepers, sewer cleaners and vactor trucks (unless they support green infrastructure projects);

Water Quality Improvement Loan Program A Program Overview for Potential Project Sponsors



3 Community provides CWSRF funding for water quality improvement project

Community repays low-interest loan to CWSRF

Delaware Water Pollution Control Revolving Fund Water Quality Improvement Loan Program A Program Overview for Potential Project Sponsors

Financing Water Quality improvement Projects With Municipal Wastewater Loans

Loan Term (years)	CWSRF Interest Rate	Water Quality Improvement Interest Rate	Water Quality Improvement Loan	Municipal Wastewater Loan	Total Annual Debt Service Payment	Life of Loan Debt Service Payment
			\$184,080	\$1,000,000		
20	3.50%	n/a	n/a	\$70,361	\$70,361	\$1,407,222
20	2.00%	0.000%	\$9,204	\$61,157	\$70,361	\$1,407,214
			\$552,260	\$3,000,000		
20	3.50%	n/a	n/a	\$211,083	\$211,083	\$4,221,665
20	2.00%	0.000%	\$27,613	\$183,470	\$211,083	\$4,221,663
			\$920,430	\$5,000,000		
20	3.50%	n/a	n/a	\$351,805	\$351,805	\$7,036,108
20	2.00%	0.000%	\$46,022	\$305,784	\$351,805	\$7,036,102
			\$1,932,900	\$10,500,000		
20	3.50%	n/a	n/a	\$738,791	\$738,791	\$14,775,826
20	2.00%	0.000%	\$96,645	\$642,146	\$738,791	\$14,775,811
			\$6,535,100	\$35,500,000		
20	3.50%	n/a	n/a	\$2,497,818	\$2,497,818	\$49,956,365
20	2.00%	0.000%	\$326,755	\$2,171,063	\$2,497,818	\$49,956,370

QUESTIONS